

Message Text

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ACTION ARA-20

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03

NSAE-00 NSC-10 PA-04 RSC-01 PRS-01 SPC-03 SS-20

USIA-15 ACDA-19 IO-14 AID-20 COME-00 EB-11 FRB-02

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E.O. 11652: N/A

TAGS: ECON, AR

SUBJ: ARGENTINE ECONOMIC POLICIES

1. ECONOMIC MINISTER GELBARD RECENTLY MADE IMPORTANT ADDRESS TO NATIONAL WAR COLLEGE ON ADMINISTRATIONS ECONOMIC PLANS AND OBJECTIVES. GELBARD SAID GOVERNMENT MAKING REVOLUTION WITH INK OF LAWS, NOT BLOOD OF PEOPLE. PART OF SPEECH WAS TOUR D'HORIZON OF THEMES ALREADY EMPHASIZED BY GOA INCLUDING A) ELIMINATION DISEQUILIBRIUM BETWEEN RICH AND POOR B) SUPPRESSION INFLATION WITH MAINTENANCE FULL EMPLOYMENT AND GLOBAL DEMAND C) INCOME REDISTRIBUTION INCLUDING SIGNIFICANT INCREASE PERCENT OF NATIONAL INCOME ACCRUING SALARIED CLASS D) ECONOMIC INDEPENDENCE FROM INTERNATIONAL MONOPOLIES E) STRUCTURAL REVISION OF ECONOMY TO IMPROVE SOCIAL JUSTICE.

2. MAJOR INNOVATION OF SPEECH WAS EMPHASIS ON "PLAN TRIENNIAL" (1974-1976) WHICH HE SAID PERON WOULD ANNOUNCE TO NATION DURING MIDDLE DECEMBER. PLAN REPORTEDLY CALLS FOR MAJOR DEVELOPMENT EFFORT AND SUBSTANTIAL INCREASE IN INVESTMENT PROGRAM. ACCORDING TO GELBARD, PERON HAS GIVEN DIRECTIVES THAT PLAN SHOULD INCLUDE A) LIMITED OFFICIAL USE

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PROVISION FOR NATIONS POWER REQUIREMENTS B) MAJOR INCREASE IN

STEEL PRODUCTION C) EXPANDED PLAN FOR PETROCHEMICAL DEVELOPMENT
D) MAJOR INCREASE IN HOUSING CONSTRUCTION TO ELIMINATE HOUSING
DEFICIT.

3. GELBARD ALSO EMPHASIZED GOVERNMENTS SUCCESS IN ANTIINFLATION
EFFORT. ADMITTED PROGRAM NOW PASSING THROUGH DIFFICULT PHASE
WHICH HE CLEVERLY ATTRIBUTED TO WORLD INFLATION AND ARGENTINE
DEPENDENCE ON WORLD SYSTEM. GLEBARD ALSO MADE POINT THAT
CONTAINMENT INFLATION NECESSARY TO ASSURE GOVERNMENT PROGRAM OF
INCOME REDISTRIBUTION.

4. COMMENT: GELBARD SPEECH PROVIDES FURTHER GOA COMMITMENT TO
MAJOR ECONOMIC AND SOCIAL DEVELOPMENT EFFORT OVER NEXT SEVERAL
YEARS. PERONS OBJECTIVE OF PROMOTING ARGENTINE POWER AND
INFLUENCE AMONG THIRD WORLD GROUP CALLS FOR SUPERIOR ECONOMIC
PERFORMANCE. ALSO, GOA INFLUENCE BY BRAZIL SUCCESS AND
CHILE COUP MAY WISH TO SHOW MORE MODERATE PEOPLES GOVERNMENT
CAPABLE PROVIDING ECONOMIC DEVELOPMENT WITH ECONOMIC INDEPENDENCE
AND GREATER SOCIAL JUSTIC. RECENT NEWSPAPER ARTICLES STATE
OFFICIALS WORKING ON PLAN ARE OPTIMISTICALLY PREDICITING GDP
GROWTH RATE FOR ARGENTINA OF 7-8 PERCENT OVER NEXT SEVERAL YEARS.
THIS EMPHASIS ON GDP GROWTH SEEMS TO CONTRAST WITH PREVIOUS
PERON LINE EMPHASIZING NEED TO WORK FOR SOCIAL JUSTICE AND AVOID
MISTAKES OF SUPER INDUSTRIALIZATION PAYING MORE ATTENTION TO
ECOLOGY, ENVIRONMENT AND QUALITY OF LIFE OF PEOPLE. EMBASSY
HAS HEARD RUMORS OF MAJOR CLASH WITHIN ECONOMIC TEAM BETWEEN GROUP
FAVORING SLOWER GROWTH WITH STABILIZATION AND GROUP FAVORING ALL
OUT EXPANSION EFFORT. IF TRUE, OUTCOME THIS POWER STRUGGLE WILL
HAVE MAJOR IMPACT ON SHAPE OF THREE YEAR PLAN AND ON FUTURE
ARGENTINE ECONOMIC POLICIES. EMBASSY UNDERSTANDS INVESTMENT PROGRAM
OF THREE YEAR PLAN WILL BE DISUCSSED WITH NEW WORLD BANK TEAM
AROUND FEB 1974.
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